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BEFORE THE POSTAL REGULATORY COMMISSION WASHINGTON, D.C. 20268

RETAIL GROUND AND PARCEL SELECT GROUND SERVICE STANDARD CHANGES, 2022

Docket No. N2022-1

REVISED RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS 1-4, 12-13 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 3 -- ERRATA

(April 21, 2022)

The United States Postal Service hereby provides its revised responses to the above-listed questions of the Presiding Officer's Information Request No. 3, issued on April 8, 2022. The public responses to questions 1 through 18 were filed April 15; however, the Postal Service needed to clarify the non-public responses to question 1-4 and 12 filed in USPS-LR-N2022-1/NP10. Because of the revision to USPS-LR-N2022-1/NP10, the references in the public POIR No. 3 responses to the responses in that library reference, 1 through 4, 12 and 13, also need to be revised to reflect the revised library reference. Those references are the only revisions to this response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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- 1. Please refer to USPS-T-1 at 8.1 The Postal Service states it expects increased reliance on e-commerce to continue and "...retailers have the same expectation, as retailers continue to expand their Business-to-Consumer (B2C) business models and to relocate inventory to smaller facilities closer to population centers." If retailers have been relocating inventory closer to population centers as the Boston Consulting Group (BCG) market survey indicates, please confirm that the 2-day to 5-day Retail Ground (RG) and Parcel Select Ground (PSG) volume are expected to increase while the 6-day to 8-day volume are expected to decrease even absent the proposed service standard change.
 - a. If confirmed, please provide the volume share percentages for 2-day to 5-day and 6-day to 8-day RG and PSG volume for FY 2017 to FY 2021 by fiscal year. Please also provide projected volume share percentages if available.
 - b. If not confirmed, please explain.

Response:

Please see the response filed under seal as part of revised USPS-LR-N2022-1/NP10 (Revised 4/21/2022).

¹ Direct Testimony of Steven E. Jarboe on Behalf of the United States Postal Service (USPS-T-1), March 21, 2022.

- 2. Please refer to USPS-T-1 at 8. The Postal Service further states "FCPS provides a medium-speed, low-price shipping option for lightweight (less than a pound) packages."
 - a. Please identify the market or market segment in which other Parcel Select products operate, specifically where Parcel Select Lightweight (PSLW) belongs.
 - b. Please confirm that some PSLW and other postal products may be consolidated with PSG and RG under existing operations.
 - If confirmed, please provide the volume and percentage of PSLW and other postal products that are consolidated with PSG and RG in FY 2021 for each product.
 - ii. If not confirmed, please explain why PSLW and other postal products are not consolidated with PSG.
 - c. Please confirm that there will be no impact to the existing operational flow of PSLW under the proposed service standard change. If not confirmed, please describe, and estimate the impact the proposed service standard change will have on the operational flow and mail processing and transportation unit costs of PSLW.

Response:

Please see the response filed under seal as part of revised USPS-LR-N2022-1/NP10 (Revised 4/21/2022).

- 3. Please refer to USPS-T-1 at 7. Please also refer to OIG Report No. 19RG003MS000-R20 at 2.² The Postal Service states "BCG conducted interviews with shipping industry leaders, logistics experts, mid-market shippers and an online survey of commercial e-commerce business shipping decision makers to understand how they prioritize shipping services and features and assess their price sensitivity to changes in time-in-transit, which generated favorable results and responses that demonstrated existing demand for increased package delivery speed." USPS-T-1 at 7. The OIG identifies the Brand Health Tracker as a survey-based tool that reflects "consumer perception of both the Postal Service and its competitors, advertising effectiveness, overall satisfaction and satisfaction with individual attributes." OIG Report No. 19RG003MS000-R20 at 6.
 - a. Please compare and contrast the BCG survey and its findings with the most recent Brand Health Trackers' findings with regards to how mailers prioritize shipping services' individual attributes and features, as well as their price sensitivity to changes in time-in-transit.
 - b. Do PSG and RG mailers' prioritization of shipping services, individual attributes, features, and price differ from mailers of First-Class Package Service (FCPS), PSLW and Priority Mail? If yes, please describe the differences and provide the basis for the differences.

Response:

Please see the response filed under seal as part of revised USPS-LR-N2022-1/NP10 (Revised 4/21/2022).

² United States Postal Service, Office of Inspector General (OIG), Report Number 19RG003MS000-R20, U.S. Postal Service Sales and Marketing Key Performance Indicators, October 17, 2019 (OIG Report No. 19RG003MS000-R20).

4. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of revised USPS-LR-N2022-1/NP10 (Revised 4/21/2022).

12. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of revised USPS-LR-N2022-1/NP10 (Revised 4/21/2022).

13. Please see Attachment, filed under seal.

Response:

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